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PANAMA

FOR IMMEDIATE RELEASE

December 27, 2005

Fact Sheet No.: FS-06-05-E

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FACT SHEET

ECONOMIC FREEDOM

This program focuses on increasing competitiveness to benefit from expanding trade and investment opportunities, and improving the management and productivity of critical watersheds, including the Panama Canal Watershed. Activities are designed to: 1) build trade capacity, reduce business constraints, and foster market integration; and 2) support integrated sustainable management of critical watersheds. USAID support promotes policy and legal reforms, best practices, active participation of all interested parties, and environmental approaches to watershed and protected areas management.

In FY 2005, efforts under the critical watersheds program, USAID's flagship in Panama, raised the bar for sound environmental stewardship in Panama, by fomenting:

- Adoption of Key Policy Changes
- Biodiversity Conservation
- Greater Ownership and Empowerment by Stakeholders in Sustainable Resource Utilization
- Increased Farm Incomes from Improved Resource Utilization and Management Practices

With regard to the business development component of the program, a multi-pronged approach has been launched for preparing Panama to implement the anticipated bilateral free trade agreement with the United States, and improve its global trade competitiveness. This effort is gaining public-private support.

Major Accomplishments:

- Participatory mechanism embraced and adopted by the Panama Canal Authority, USAID's key partner, to co-fund and jointly manage NGO-led demonstration activities in pilot sub-watersheds of the Panama Canal Watershed.
- Adoption of a policy for promoting sustainable, intensive ranching is transforming vulnerable hillside lands in the Panama Canal Watershed to natural secondary forests.
- Development and implementation of a comprehensive monitoring system to assess the environmental health of the watershed with the participation of several key Ministries and in collaboration with the Inter-institutional Commission for the Canal Watershed.
- Twenty-one conservation and income-generating demonstration activities were implemented in critical sub-watersheds within the Panama Canal Watershed. As a result, the long-term benefits of environmentally rational land use planning, farming practices, and sound policies are gaining acceptance and encouraging the active participation of all watershed stakeholders, including the primary resource user, communities and local government, and commercial private sector.
- Formation of the first multi-sectoral sub-watershed management committee to develop and implement strategic management plans in a decentralized manner.
- Establishment of a public-private partnership between the National Environmental Authority and the private sector for implementing a new concessions law that allows for the sharing of benefits in the two most important protected areas in the Canal Watershed.
- Formation of a new public-private alliance resulting in the establishment of a tourism cluster to promote a new tourism circuit: "The Ecological Route between Two Oceans."
- Creation of jobs for residents in surrounding communities, resulting from ecotourism development and improved management of protected areas.
- Creation of a strategic private-public partnership, that serves as the Steering Committee, to develop priority actions for reducing barriers to new business.